city chic collective

ASX Announcement

27 February 2025

City Chic Collective Limited 1H FY25 Results[1], Trading Update & Revised FY25 Outlook

- **Sales Revenue of $69.5m, down 3.6% on 1H FY24**
- **Comparable store sales growth of 7.5%**
- **Underlying EBITDA[2] of $3.5m, a strong turnaround from EBITDA loss in 1H FY24 of $5.2m**
- **Inventory of $31.1m with return to normal purchasing cycles**
- **Net cash position of $12.0m as at 29 December 2024**
- **Trading Revenue[3] in first 8 weeks of 2H FY25 up 25% on PCP**
- **Targeting revenue of $137m-$147m and EBITDA (post AASB 16) of $8m-12m[4] in FY25**

City Chic Collective Limited (ASX: CCX) ("City Chic", or the "Group") today announced its financial results for the six months ended 29 December 2024 ("1H FY25").

Phil Ryan, Chief Executive Officer and Managing Director of City Chic said:

"The strong first half earnings turnaround demonstrates the effectiveness of our strategic actions. EBITDA was $8.7m higher than 1H24 due to better trading margins, lower fulfillment costs and materially improved CODB.

"The ANZ business has shown continued improvement throughout the half, supported by a strong holiday trading period which delivered 9% sales growth. Comparable store sales for the half were up 7.5% and our websites grew 5.1%. While the USA website performed largely in line with last year, comparable sales were challenging for the USA business this period given the slower than anticipated economic recovery and the exclusion of Avenue branded products in Partner revenue. The 25% growth in City Chic branded products through our website and partners at materially higher gross margins highlights the opportunity for our brand in the market.

"Our strategy has begun to deliver more high-value customers, which now make-up 53% of our 466k customer base. Newness in our ranges continues to resonate, driving higher margins and increased Average Selling Prices. The success of our ANZ range bodes well for the Northern Hemisphere summer.

"The first eight weeks of the second half have started well, with trading revenue up 25%, driven by the ANZ business which has continued its strong momentum coming out of the holiday period with 30% growth to the PCP. Sales in the USA were up 9%, however continue to show volatility, with the trading margin was below expectation as we had to drive end-of-season clearance harder than expected to sell-through winter product. The USA is now my main focus as there remains a material opportunity in this market that will require time to deliver.

Given the remaining USA volatility including higher-than-planned USA clearance in Jan-Feb and an increase in Amazon marketing, partly offset by additional cost savings, we think it prudent to amend and narrow our guidance to sales of $137m-$147m and EBITDA $8m-$12m.

"We continue to align the business structure with our revenue base and in addition to the $20.3m cost reduction already achieved, we are now targeting a further $2.0m in cost out initiatives through H2 FY25 and into FY26."

[1] All reporting is for the continuing operations, excluding EMEA and Avenue.

[2] Underlying EBITDA (post AASB 16) is for continued operations and excludes non-recurring costs of $0.5m (Northern Hemisphere warehouse re-location $0.4m, and Transaction costs $0.1m). HY24 non-recurring costs were $0.7m (Restructuring $0.7m, Northern Hemisphere warehouse relocation $0.4m, Transaction costs of $0.3m, partly offset by a gain on lease modification of $0.8m)

[3] Trading Revenue represents product revenue before accounting and other adjustments

[4] See key risks and FY25 outlook assumptions on pages 22-25 of the 1H FY25 Results Investor Presentation

1H FY25 Results Review

Group sales revenue for 1H FY25 was down 3.6% to $69.5m compared with the prior corresponding period (PCP). Revenue by region and channel is detailed below:

- **ANZ:** Revenue was up 2.8% to $55.3m. Comparable store sales grew 7.5% with Q2 up 8.9%.
- **Americas:** Revenue was down 22.5% to $14.2m. City Chic branded product grew 25%.
- **Partners:** Revenue of $7.7m (included in Americas revenue above) was down 29.1%, reflecting a challenging PCP, which included Avenue inventory sales.

City Chic delivered material profitability improvements in the half, reporting an Underlying EBITDA of $3.5m, from a loss of $5.2m in the PCP. Cost of doing business declined to 54.4% of sales (1H FY24: 62.4%), primarily reflecting efficiencies in labour and fulfillment costs.

At the end of the period, City Chic's inventory balance stood at $31.1m. This reflects a return to healthy levels more representative of historic purchasing cycles. The Group has a fresh product assortment in market to support trading in 2H FY25.

City Chic has now completed its initial cost reduction initiatives. The underlying CODB in the first half is down $7.2m, well on the way to realizing the $11.5m annual cost out target for FY25 and the $20.3m total cost out program. The more streamlined cost base is driving operating efficiencies and providing greater flexibility to respond to changing market conditions.

The Group finished the period with net cash of $12.0m, with an undrawn multi-currency debt facility of $10.0m, effective July 2024 to December 2026, reflecting continued lender support.

The Board has decided not to declare a dividend for 1H FY25, as it remains focused on delivering profitable, sustainable growth.

Trading Update and Revised FY25 Outlook

In trading for the first 8 weeks to 23 February 2025, City Chic's revised growth strategy has continued to deliver an uplift in Trading Revenue[4]

- Trading Revenue up 25% on PCP,
  - ANZ up 30%, with all channels performing well
  - USA up 9%, but trading margin materially impacted by higher clearance activity than anticipated
- Group online traffic is up 41%

ANZ business expected to continue on its current trajectory as strategic initiatives pay off, with higher ASP and GM%. Three new stores signed for H2 FY25 and more expected into FY26.

USA sales remain volatile, with slower than anticipated economic recovery and as we rebuild our customer base with reduced promotions. Our expectations are higher for US Summer season based on ANZ sell through.

CEO focus on USA recovery and future growth, with potential physical store trials and new partners. This will take time to deliver.

Marketing focus on brand engagement in ANZ, targeting high value customers in USA, and increased spend required with Amazon to achieve forecast sale and drive future sustainable revenue.

As stated at the AGM we will continue to revise our cost base in line with the revenue and accordingly we are targeting another $2m in cost out.

Higher-than-planned USA clearance in Jan-Feb and an increase in Amazon marketing, partly offset by additional cost savings, resulting in revised FY25 financial targets[1]

- Revenue of $137m to $147m
- EBITDA Post AASB16 of $8m to $12m

Additional Information

An Investor Presentation has also been lodged with the ASX today.

City Chic will host a webcast for analysts and investors at 9.30am AEST accessible via the following link:

Webcast link: https://webcast.openbriefing.com/ccx-hyr-2025/

Conference call link: https://s1.c-conf.com/diamondpass/10044829-x20cyj.html

The release of this announcement was authorised by the Board.

About City Chic Collective

City Chic Collective is a global omni-channel retailer specialising in better dressing plus-size women's apparel, footwear and accessories. Its omni-channel model comprises a network of 77 stores across Australia and New Zealand (ANZ) and websites operating in ANZ, the USA, and third-party marketplace and wholesale partners in Australia, New Zealand and the USA.

Investor and Media Enquiries
Matthew Gregorowski +61 422 534 755
Saskia West +61 452 120 192
Sodali & Co